

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

HOME FEDERAL BANCORP, INC. OF LOUISIANA
Form DEF 14A
June 29, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. _____)

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Under Rule 14a-12

Home Federal Bancorp, Inc. of Louisiana

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.
 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

[LOGO]
HOME FEDERAL

BANCORP, INC. OF LOUISIANA

June 29, 2005

Dear Shareholder:

You are cordially invited to attend a Special Meeting of Shareholders of Home Federal Bancorp, Inc. of Louisiana. The meeting will be held at the main office of Home Federal Bancorp, located at 624 Market Street, Shreveport, Louisiana, on Wednesday, August 10, 2005 at 10:00 a.m., Central Time.

At the Special Meeting, you will be asked to adopt our 2005 Stock Option Plan and adopt our 2005 Recognition and Retention Plan and Trust Agreement. Both of these matters are more fully described in the accompanying materials.

It is very important that you be represented at the Special Meeting regardless of the number of shares you own or whether you are able to attend the meeting in person. We urge you to mark, sign, and date your proxy card today and return it in the envelope provided, even if you plan to attend the Special Meeting. This will not prevent you from voting in person at the Special Meeting, but will ensure that your vote is counted if you are unable to attend.

Your continued support of Home Federal Bancorp, Inc. of Louisiana is sincerely appreciated.

Very truly yours,

/s/ Daniel R. Herndon

Daniel R. Herndon
President

HOME FEDERAL BANCORP, INC. OF LOUISIANA
624 Market Street
Shreveport, Louisiana 71101
(318) 222-1145

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held on August 10, 2005

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

A Special Meeting of Shareholders of Home Federal Bancorp, Inc. of Louisiana will be held at our main office located at 624 Market Street, Shreveport, Louisiana, 71101, on Wednesday, August 10, 2005 at 10:00 a.m., Central Time, for the following purposes, all of which are more completely set forth in the accompanying Proxy Statement:

- (1) To consider and approve the adoption of the 2005 Stock Option Plan;
- (2) To consider and approve the adoption of the 2005 Recognition and Retention Plan and Trust Agreement; and
- (3) To transact such other business as may properly come before the meeting or at any adjournment thereof. We are not aware of any other such business.

Our shareholders of record as of the close of business on June 20, 2005, the voting record date, are entitled to notice of and to vote at the Special Meeting and at any adjournment thereof.

By Order of the Board of Directors

/s/ DeNell W. Mitchell

DeNell W. Mitchell
Corporate Secretary

Shreveport, Louisiana
June 29, 2005

You are cordially invited to attend the Special Meeting. It is important that your shares be represented regardless of the number you own. Even if you plan to be present, you are urged to complete, sign, date and return the enclosed proxy promptly in the envelope provided. If you attend the meeting, you may vote either in person or by proxy. Any proxy given may be revoked by you in writing or in person at any time prior to the exercise of the proxy. However, if you are a shareholder whose shares are registered in the name of a broker or other nominee, you will need additional documentation from your record holder in order to vote in person at the Special Meeting.

Table of Contents

	Page

About the Special Meeting of Shareholders.....	1
Beneficial Ownership of Common Stock by Certain Beneficial Owners and Management.....	3
Proposal to Adopt the 2005 Stock Option Plan.....	4
General.....	4

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

Description of the Option Plan.....	4
Proposal to Adopt the 2005 Recognition and Retention Plan and Trust Agreement.....	7
General.....	7
Description of the Recognition Plan.....	7
Shareholder Proposals.....	9
Management Compensation.....	10
Summary Compensation Table.....	10
Director Compensation.....	10
Other Matters.....	10
Appendix A - 2005 Stock Option Plan.....	A-1
Appendix B - 2005 Recognition and Retention Plan and Trust Agreement.....	B-1

HOME FEDERAL BANCORP, INC. OF LOUISIANA

PROXY STATEMENT
SPECIAL MEETING OF SHAREHOLDERS

ABOUT THE SPECIAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished to holders of common stock of Home Federal Bancorp, Inc. of Louisiana, the mid-tier holding company of Home Federal Savings and Loan Association. On January 18, 2005, we completed the reorganization of Home Federal Savings and Loan Association from the mutual to stock form and the organization of Home Federal Bancorp, Inc. as the mid-tier holding company for Home Federal Savings and Loan Association. We are soliciting proxies on behalf of our Board of Directors to be used at the Special Meeting of Shareholders to be held at our main office located at 624 Market Street, Shreveport, Louisiana, on Wednesday, August 10, 2005 at 10:00 a.m., Central Time, and at any adjournment thereof, for the purposes set forth in the attached Notice of Special Meeting of Shareholders. This Proxy Statement is first being mailed to shareholders on or about June 29, 2005.

What is the purpose of the Special Meeting?

At our Special Meeting, shareholders will act upon the matters outlined in the Notice of Special Meeting on the cover page of this Proxy Statement, including the approval of the 2005 Stock Option Plan and approval of the 2005 Recognition and Retention Plan and Trust Agreement.

Who is entitled to vote?

Only our shareholders of record as of the close of business on the record date for the meeting, June 20, 2005, are entitled to vote at the meeting. On the record date, we had 3,558,958 shares of common stock issued and outstanding and

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

no other class of equity securities outstanding, which includes 2,135,375 shares of common stock held by Home Federal Mutual Holding Company of Louisiana. For each issued and outstanding share of common stock you own on the record date, you will be entitled to one vote on each matter to be voted on at the meeting, in person or by proxy.

How do I submit my proxy?

After you have carefully read this Proxy Statement, indicate on your proxy form how you want your shares to be voted. Then sign, date and mail your proxy form in the enclosed postage paid return envelope as soon as possible. This will enable your shares to be represented and voted at the Special Meeting.

If my shares are held in "street" name by my broker, could my broker automatically vote my shares for me?

No. Your broker will not be able to vote your shares on the 2005 Stock Option Plan or 2005 Recognition and Retention Plan without instructions from you. You should use the proxy form provided by the institution that holds your shares to instruct your broker to vote your shares.

Can I attend the meeting and vote my shares in person?

Yes. All shareholders are invited to attend the Special Meeting. Shareholders of record can vote in person at the Special Meeting. If your shares are held in "street" name, then you are not the shareholder of record and you must ask your broker or other nominee how you can vote at the Special Meeting.

-1-

Can I change my vote after I return my proxy card?

Yes. If you are a shareholder of record, there are three ways you can change your vote or revoke your proxy after you have sent in your proxy form.

- o First, you may send a written notice to our Corporate Secretary, Ms. DeNell W. Mitchell, Home Federal Bancorp, Inc. of Louisiana, 624 Market Street, Shreveport, Louisiana, 71101, stating that you would like to revoke your proxy.
- o Second, you may complete and submit a new proxy form. Any earlier proxies will be revoked automatically.
- o Third, you may attend the Special Meeting and vote in person. Any earlier proxy will be revoked. However, attending the Special Meeting without voting in person will not revoke your proxy.

If your shares are held in "street" name and you have instructed a broker or other nominee to vote your shares, you must follow directions you receive from your broker or other nominee to change your vote.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the outstanding shares entitled to vote on a particular matter will constitute a quorum. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the meeting.

What are the Board of Directors' recommendations?

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

The recommendations of the Board of Directors are set forth under the description of each proposal in this Proxy Statement. In summary, the Board of Directors recommends that you vote FOR the adoption of the 2005 Stock Option Plan and FOR the adoption of the 2005 Recognition and Retention Plan and Trust Agreement.

The proxy solicited hereby, if properly signed and returned to us and not revoked prior to its use, will be voted in accordance with your instructions contained in the proxy. If no contrary instructions are given, each proxy signed and received will be voted in the manner recommended by the Board of Directors and, upon the transaction of such other business as may properly come before the meeting, in accordance with the best judgment of the persons appointed as proxies. Proxies solicited hereby may be exercised only at the Special Meeting and any adjournment of the Special Meeting and will not be used for any other meeting.

What vote is required to approve each item?

Under the regulations of the Office of Thrift Supervision, approval of the adoption of the 2005 Stock Option Plan and the 2005 Recognition and Retention Plan requires the affirmative vote of a majority of the total votes eligible to be cast at the Special Meeting, other than the shares held by Home Federal Mutual Holding Company of Louisiana.

If you do not vote or if you abstain, it will have the effect of a vote against the proposals to adopt the 2005 Stock Option Plan and the 2005 Recognition and Retention Plan. Broker non-votes also will have the effect of a vote against the 2005 Stock Option Plan and 2005 Recognition and Retention Plan.

Whom should I call with questions?

You should call our proxy solicitor, MacKenzie Partners, Inc., at 1-800-322-2885.

-2-

BENEFICIAL OWNERSHIP OF COMMON STOCK
BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of June 20, 2005, the voting record date, certain information as to the common stock beneficially owned by (a) each person or entity, including any "group" as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, who or which was known to us to be the beneficial owner of more than 5% of the issued and outstanding common stock, (b) the directors of Home Federal Bancorp, (c) certain executive officers of Home Federal Bancorp named in the Summary Compensation Table; and (d) all directors and executive officers of Home Federal Bancorp as a group.

Name of Beneficial Owner or Number of Persons in Group	Amount and Nature of Beneficial Ownership as of June 20, 2005(1)	Percent Common St
Home Federal Mutual Holding Company of Louisiana	2,135,375	60.0%

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

624 Market Street
Shreveport, Louisiana 71101

Directors:

Walter T. Colquitt III	100	*
Henry M. Hearne	15,000 (2)	*
Daniel R. Herndon	18,000 (3)	*
David A. Herndon III	19,000 (4)	*
Woodus K. Humphrey	10,000	*
Scott D. Lawrence	10,000 (5)	*
Clyde D. Patterson	5,000 (6)	*
Amos L. Wedgeworth Jr	1,000	*
Sidney D. York	1,500	*
All Directors and Executive Officers as a Group (10 persons)	79,825	2.2%

* Represents less than 1% of our outstanding common stock.

- (1) Based upon filings made pursuant to the Securities Exchange Act of 1934 and information furnished by the respective individuals. Under regulations promulgated pursuant to the Securities Exchange Act of 1934, shares of common stock are deemed to be beneficially owned by a person if he or she directly or indirectly has or shares (i) voting power, which includes the power to vote or to direct the voting of the shares, or (ii) investment power, which includes the power to dispose or to direct the disposition of the shares.

Unless otherwise indicated, the named beneficial owner has sole voting and dispositive power with respect to the shares.

- (2) Includes 5,000 shares held by Mr. Hearne's spouse and 10,000 shares held by the Grand Bend Investments LLC, of which Mr. Hearne is a principal.
- (3) Includes 5,000 shares held in Home Federal Savings and Loan Association's 401(k) Plan for the benefit of Mr. Herndon and 13,000 shares held by Herndon Investment Company LLC over which Mr. Herndon disclaims beneficial ownership except with respect to his 50% ownership interest therein.
- (4) Includes 13,000 shares held by Herndon Investment Company LLC, of which Mr. Herndon is a 50% owner, and over which he disclaims beneficial ownership except with respect to his pecuniary interest therein.
- (5) Includes 5,000 shares held in Mr. Lawrence's individual retirement account.
- (6) The 5,000 shares are held in Home Federal Savings and Loan Association's 401(k) Plan for the benefit of Mr. Patterson.

-3-

PROPOSAL TO ADOPT THE 2005 STOCK OPTION PLAN

General

On June 8, 2005, the Board of Directors adopted the 2005 Stock Option Plan (the "Option Plan") which is designed to attract and retain qualified officers,

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

employees and non-employee directors, provide officers, employees and non-employee directors with a proprietary interest in Home Federal Bancorp as an incentive to contribute to our success and reward officers, employees and non-employee directors for outstanding performance. The Option Plan provides for the grant of incentive stock options intended to comply with the requirements of Section 422 of the Internal Revenue Code and non-qualified or compensatory stock options (the incentive stock options and the non-qualified (compensatory) options are together called, the "options"). Options will be available for grant to officers, employees and directors of Home Federal Bancorp and any subsidiary except that non-employee directors will be eligible to receive only awards of non-qualified options. The Board of Directors believes that the Option Plan is in the best interest of Home Federal Bancorp and our shareholders. If shareholder approval is obtained, options to acquire shares of common stock will be awarded to officers, employees and non-employee directors of Home Federal Bancorp and Home Federal Savings and Loan Association with an exercise price equal to the fair market value of the common stock on the date of grant.

Description of the Option Plan

The following description of the Option Plan is a summary of its terms and is qualified in its entirety by reference to the Option Plan, a copy of which is attached hereto as Appendix A.

Administration. The Option Plan will be administered and interpreted by a committee of the Board of Directors that is currently comprised of Messrs. Hearne and Humphrey.

Number of Shares Covered by the Stock Option Plan. A total of 174,389 shares of common stock have been reserved for future issuance pursuant to the Option Plan which is equal to 12.25% of the shares of common stock sold in the reorganization, not including shares contributed to Home Federal Mutual Holding Company of Louisiana. The Option Plan provides that grants to each employee and each non-employee director shall not exceed 25% and 5%, respectively, of the shares of common stock available under the Option Plan. Option grants made to non-employee directors in the aggregate may not exceed 30% of the number of shares available under the Option Plan. In the event of a stock split, subdivision, stock dividend or any other capital adjustment, the number of shares of common stock under the Option Plan, the number of shares to which any option grant relates and the exercise price per share under any option shall be adjusted to reflect such increase or decrease in the total number of shares of common stock outstanding or such capital adjustment.

Stock Options. Under the Option Plan, the Board of Directors or the committee will determine which employees, including officers, and non-employee directors (including advisory or emeritus directors) will be granted options, whether such options will be incentive or compensatory options (in the case of options granted to employees), the number of shares subject to each option, the exercise price of each option and whether such options may be exercised by delivering other shares of common stock. Under the Option Plan, the per share exercise price of both an incentive and a compensatory stock option must at least equal the fair market value of a share of common stock on the date the option is granted (110% of fair market value in the case of incentive stock options granted to individuals who beneficially own 10% or more of Home Federal Bancorp common stock).

Options will generally become vested and exercisable no more rapid than at the rate of 20% per year over five years, commencing one year from the date of grant. The right to exercise will be cumulative. However, no vesting may occur on or after a participant's employment or service with Home Federal Bancorp or any of our subsidiaries is terminated for any reason other than his death or disability. Unless the committee or Board of Directors specifies otherwise at the time an option is granted, all options granted to participants will become

vested

-4-

and exercisable in full on the date an optionee terminates his employment or service with Home Federal Bancorp or a subsidiary company because of his death or disability or as of the effective date of a change in control.

Each stock option or portion thereof will be exercisable at any time on or after it vests and is exercisable until the earlier of either: (1) ten years after its date of grant or (2) six months after the date on which the optionee's employment or service terminates, unless extended by the committee or the Board of Directors for a period of up to three years from such termination. Unless stated otherwise at the time an option is granted, (a) if an optionee terminates his employment or service with Home Federal Bancorp or a subsidiary company as a result of disability or retirement without having fully exercised his options, the optionee will have three years following his termination due to disability or retirement to exercise such options, and (b) if an optionee terminates his employment or service with Home Federal Bancorp following a change in control of Home Federal Bancorp without having fully exercised his options, the optionee shall have the right to exercise such options during the remainder of the original ten year term of the option. However, failure to exercise incentive stock options within three months after the date on which the optionee's employment terminates may result in adverse tax consequences to the optionee. If an optionee dies while serving as an employee or a non-employee director or terminates employment or service as a result of disability or retirement and dies without having fully exercised his options, the optionee's executors, administrators, legatees or distributees of his estate will have the right to exercise such options during the one year period following his death. In no event may any option be exercisable more than ten years from the date it was granted.

Stock options generally are non-transferable except by will or the laws of descent and distribution, and during an optionee's lifetime, may be exercisable only by the optionee or his guardian or legal representative. However, an optionee who holds non-qualified options may transfer such options to his or her immediate family, including the optionee's spouse, children, step children, parents, grandchildren and great grandchildren, or to a duly established trust for the benefit of one or more of these individuals. Options so transferred may thereafter be transferred only to the optionee who originally received the grant or to an individual or trust to whom the optionee could have initially transferred the option. Options which are so transferred will be exercisable by the transferee according to the same terms and conditions as applied to the optionee.

Payment for shares purchased upon the exercise of options may be made (a) in cash or by check, (b) by delivery of a properly executed exercise notice, together with irrevocable instructions to a broker to sell the shares and then to properly deliver to Home Federal Bancorp the amount of sale proceeds to pay the exercise price, all in accordance with applicable laws and regulations or (c) if permitted by the committee or the Board of Directors, by delivering shares of common stock (including shares acquired pursuant to the previous exercise of an option) with a fair market value equal to the total purchase price of the shares being acquired pursuant to the option, by withholding some of the shares of common stock which are being purchased upon exercise of an option, or any combination of the foregoing. With respect to subclause (c) in the preceding sentence, the shares of common stock delivered to pay the purchase price must have either been (x) purchased in open market transactions or (y) issued by Home Federal Bancorp pursuant to a plan thereof, in each case more than six months prior to the exercise date of the option.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

Term of the Stock Option Plan. Unless sooner terminated, the Option Plan shall continue in effect for a period of ten years from June 8, 2005 assuming approval of the Option Plan by our shareholders. Termination of the Option Plan shall not affect any previously granted options.

Federal Income Tax Consequences. Under current provisions of the Internal Revenue Code, the federal income tax treatment of incentive stock options and compensatory stock options is different. Regarding incentive stock options, an optionee who meets certain holding period requirements will not recognize income at the time the option is granted or at the time the option is exercised, and a federal income tax deduction generally will not be available to Home Federal Bancorp at any time as a result of such grant or exercise. An optionee, however, may be subject to the alternative minimum tax upon exercise of an incentive stock option. With respect to compensatory stock options, the difference between the fair market value of the shares on the date of exercise and the option exercise price generally will be treated as compensation income upon exercise, and Home Federal Bancorp will be entitled to a deduction in the amount of income so recognized by the optionee.

-5-

Section 162(m) of the Internal Revenue Code generally limits the deduction for certain compensation in excess of \$1.0 million per year paid by a publicly-traded corporation to its chief executive officer and the four other most highly compensated executive officers ("covered executives"). Certain types of compensation, including compensation based on performance goals, are excluded from the \$1.0 million deduction limitation. In order for compensation to qualify for this exception: (a) it must be paid solely on account of the attainment of one or more preestablished, objective performance goals; (b) the performance goal must be established by a compensation committee consisting solely of two or more outside directors, as defined; (c) the material terms under which the compensation is to be paid, including performance goals, must be disclosed to, and approved by, shareholders in a separate vote prior to payment; and (d) prior to payment, the compensation committee must certify that the performance goals and any other material terms were in fact satisfied (the "certification requirement").

Treasury regulations provide that compensation attributable to a compensatory stock option is deemed to satisfy the requirement that compensation be paid solely on account of the attainment of one or more performance goals if: (a) the grant is made by a compensation committee consisting solely of two or more outside directors, as defined; (b) the plan under which the option right is granted states the maximum number of shares with respect to which options may be granted during a specified period to any employee; (c) under the terms of the option, the amount of compensation the employee could receive is based solely on an increase in the value of the stock after the date of grant; and (d) the stock option plan is disclosed to and subsequently approved by the shareholders. The certification requirement is not necessary if these other requirements are satisfied.

The Option Plan has been designed to meet the requirements of Section 162(m) of the Internal Revenue Code and, as a result, we believe that compensation attributable to stock options granted under the Stock Option Plan in accordance with the foregoing requirements will be fully deductible under Section 162(m) of the Internal Revenue Code. The Board of Directors believes that the likelihood of any impact on Home Federal Bancorp from the deduction limitation contained in Section 162(m) of the Internal Revenue Code is remote at this time.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

The above description of tax consequences under federal law is necessarily general in nature and does not purport to be complete. Moreover, statutory provisions are subject to change, as are their interpretations, and their application may vary in individual circumstances. Finally, the consequences under applicable state and local income tax laws may not be the same as under the federal income tax laws.

Accounting Treatment. The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation, as amended," which established financial accounting and reporting standards for stock-based employee compensation plans. At this time, SFAS No. 123 permits companies to either use a fair value method as defined by SFAS No. 123 or, alternatively, the intrinsic value method for accounting for an employee stock option or similar equity instrument under APB Opinion No. 25, "Accounting for Stock Issued to Employees." Effective in the first quarter of fiscal 2007, Home Federal Bancorp will be required under SFAS No. 123 (revised 2004) "Share-Based Payment" ("SFAS No. 123(R)"), to record as a charge to earnings the fair value of options granted under the Option Plan. The number of outstanding options also will be a factor in determining Home Federal Bancorp's earnings per share on a fully-diluted basis.

Shareholder Approval. No options will be granted under the Option Plan unless the Option Plan is approved by shareholders. Shareholder approval of the Option Plan will also satisfy the federal tax requirements.

Options to be Granted. The Board of Directors of Home Federal Bancorp adopted the Option Plan, and the committee established thereunder intends to meet promptly after approval by shareholders to determine the specific terms of options, including the allocation of options to executive officers, employees and non-employee directors of Home Federal Bancorp and Home Federal Savings and Loan Association. At the present time, no specific determination has been made as to allocation of grants. The committee is also considering awarding options to certain non-executive officers and employees of Home Federal Savings and Loan Association.

The Board of Directors recommends that you vote FOR adoption of the 2005

Stock Option Plan.

-6-

PROPOSAL TO ADOPT THE 2005 RECOGNITION AND RETENTION PLAN AND TRUST AGREEMENT

General

On June 8, 2005, the Board of Directors adopted the 2005 Recognition and Retention Plan and Trust Agreement (the "Recognition Plan"), the objective of which is to enable Home Federal Bancorp to provide officers, employees and non-employee directors of Home Federal Bancorp and Home Federal Savings and Loan Association with a proprietary interest in Home Federal Bancorp and as an incentive to contribute to its success. Officers, employees and non-employee directors of Home Federal Bancorp and Home Federal Savings and Loan Association who are selected by the Board of Directors of Home Federal Bancorp or members of a committee appointed by the Board will be eligible to receive benefits under the Recognition Plan. If shareholder approval is obtained, shares will be granted to officers, employees and non-employee directors as determined by the committee or the Board of Directors.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

Description of the Recognition Plan

The following description of the Recognition Plan is a summary of its terms and is qualified in its entirety by reference to the Recognition Plan, a copy of which is attached hereto as Appendix B.

Administration. A committee of the Board of Directors of Home Federal Bancorp will administer the Recognition Plan, which currently consists of Messrs. Hearne and Humphrey. The members of the committee also serve as initial trustees of the trust established pursuant to the Recognition Plan.

Number of Shares Covered by the Recognition Plan. Upon shareholder approval of the Recognition Plan, Home Federal Bancorp will contribute sufficient funds to the Recognition Plan Trust so that the Trust can purchase a number of shares of common stock equal to 4.9% of the common stock sold in the reorganization, not including shares contributed to Home Federal Mutual Holding Company of Louisiana, or 69,756 shares. It is currently anticipated that these shares will be acquired through open market purchases to the extent available, although Home Federal Bancorp reserves the right to issue previously unissued shares or treasury shares to the Recognition Plan. The issuance of new shares by Home Federal Bancorp would be dilutive to the voting rights of existing shareholders and to Home Federal Bancorp's book value per share and earnings per share.

Grants. Shares of common stock granted pursuant to the Recognition Plan will be in the form of restricted stock generally payable over a five-year period at a rate of 20% per year, beginning one year from the anniversary date of the grant. A recipient will be entitled to all shareholder rights with respect to shares which have been earned and distributed under the Recognition Plan. However, until such shares have been earned and distributed, they may not be sold, assigned, pledged or otherwise disposed of and are required to be held in the Recognition Plan Trust. In addition, any cash dividends or stock dividends declared in respect of unvested share awards will be held by the Recognition Plan Trust for the benefit of the recipients of such plan share awards and such dividends or returns of capital, including any interest thereon, will be paid out proportionately by the Trust to the recipients thereof as soon as practicable after the plan share awards do become earned.

If a recipient terminates employment or service with Home Federal Bancorp for reasons other than death or disability, the recipient will forfeit all rights to the allocated shares under restriction. All shares subject to an award held by a recipient whose employment or service with Home Federal Bancorp or any subsidiary terminates due to death or disability shall be deemed earned as of the recipient's last day of employment or service with Home Federal Bancorp or any subsidiary and shall be distributed as soon as practicable thereafter. In the event of a change in control of Home Federal Bancorp, all shares subject to an award shall be deemed earned as of the effective date of such change in control.

-7-

Performance Share Awards. The Recognition Plan provides the committee with the ability to condition or restrict the vesting or exercisability of any Recognition Plan award upon the achievement of performance targets or goals as set forth under the Recognition Plan. Any Recognition Plan award subject to such conditions or restrictions is considered to be a "Performance Share Award." Subject to the express provisions of the Recognition Plan and as discussed in this paragraph, the committee has discretion to determine the terms of any Performance Share Award, including the amount of the award, or a formula for

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

determining such, the performance criteria and level of achievement related to these criteria which determine the amount of the award granted, issued, retainable and/or vested, the period as to which performance shall be measured for determining achievement of performance (a "performance period"), the timing of delivery of any awards earned, forfeiture provisions, the effect of termination of timing of delivery of any awards earned, forfeiture provisions, the effect of termination of employment for various reasons, and such further terms and conditions, in each case not inconsistent with the Recognition Plan, as may be determined from time to time by the committee. Each Performance Share Award shall be granted and administered to comply with the requirements of Section 162(m) of the Internal Revenue Code. Accordingly, the performance criteria upon which Performance Share Awards are granted, issued, retained and/or vested shall be a measure based on one or more Performance Goals (as defined below). Notwithstanding satisfaction of any Performance Goals, the number of shares granted, issued, retainable and/or vested under a Performance Share Award may be reduced or eliminated, but not increased, by the committee on the basis of such further considerations as the committee in its sole discretion shall determine.

Subject to shareholder approval of the Recognition Plan, the Performance Goals for any Performance Share Award shall be based upon any one or more of the following performance criteria, either individually, alternatively or any combination, applied to either Home Federal Bancorp as a whole or to a business unit or subsidiary, either individually, alternatively or in any combination, and measured either on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as preestablished by the committee under the terms of the Performance Share Award: net income, as adjusted for non-recurring items; cash earnings; earnings per share; cash earnings per share; return on average equity; return on average assets; assets; stock price; total shareholder return; capital; net interest income; market share; cost control or efficiency ratio; and asset growth. To the extent the committee considers granting a Performance Share Award, it may engage outside compensation consultants to assist it in establishing such performance-based targets.

Federal Income Tax Consequences. Pursuant to Section 83 of the Internal Revenue Code, recipients of Recognition Plan awards will recognize ordinary income in an amount equal to the fair market value of the shares of common stock granted to them at the time that the shares vest. A recipient of a Recognition Plan award may elect to accelerate the recognition of income with respect to his or her grant to the time when shares of common stock are first issued to him or her, notwithstanding the vesting schedule of such awards. Home Federal Bancorp will be entitled to deduct as a compensation expense for tax purposes the same amounts recognized as income by recipients of Recognition Plan awards in the year in which such amounts are included in income.

Section 162(m) of the Internal Revenue Code generally limits the deduction for certain compensation in excess of \$1.0 million per year paid by a publicly-traded corporation to its covered executives. Certain types of compensation, including compensation based on performance goals, are excluded from the \$1.0 million deduction limitation. In order for compensation to qualify for this exception: (a) it must be paid solely on account of the attainment of one or more preestablished, objective performance goals; (b) the performance goal must be established by a compensation committee consisting solely of two or more outside directors, as defined; (c) the material terms under which the compensation is to be paid, including performance goals, must be disclosed to and approved by shareholders in a separate vote prior to payment; and (d) prior to payment, the compensation committee must certify that the performance goals and any other material terms were in fact satisfied.

The Recognition Plan, with respect to Performance Share Awards, has been designed to meet the requirements of Section 162(m) of the Internal Revenue Code

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

and, as a result, we believe that compensation attributable to Performance Share Awards granted under the Recognition Plan in accordance with the foregoing requirements will be fully deductible under Section 162(m) of the Internal Revenue Code. The Board of Directors

-8-

believes that the likelihood of any impact on Home Federal Bancorp from the deduction limitation contained in Section 162(m) of the Internal Revenue Code is remote at this time.

The above description of tax consequences under federal law is necessarily general in nature and does not purport to be complete. Moreover, statutory provisions are subject to change, as are their interpretations, and their application may vary in individual circumstances. Finally, the consequences under applicable state and local income tax laws may not be the same as under the federal income tax laws.

Accounting Treatment. For a discussion of SFAS No. 123 and SFAS No 123(R), see "Proposal to Adopt the 2005 Stock Option Plan - Description of the Stock Option Plan - Accounting Treatment." Home Federal Bancorp will recognize a compensation expense as shares of common stock granted pursuant to the Recognition Plan vest. The amount of compensation expense recognized for accounting purposes is based upon the fair market value of the common stock at the date of grant to recipients, rather than the fair market value at the time of vesting for tax purposes. The vesting of plan share awards will have the effect of increasing Home Federal Bancorp's compensation expense and will be a factor in determining Home Federal Bancorp's earnings per share on a fully-diluted basis.

Shareholder Approval. No awards will be granted under the Recognition Plan unless the Recognition Plan is approved by our shareholders.

Shares to be Granted. The Board of Directors of Home Federal Bancorp adopted the Recognition Plan and the committee established thereunder intends to grant shares to executive officers, employees and non-employee directors of Home Federal Bancorp and Home Federal Savings and Loan Association. The Recognition Plan provides that grants to each employee and each non-employee director shall not exceed 25% and 5% of the shares of common stock available under the Recognition Plan, respectively. Awards made to non-employee directors in the aggregate may not exceed 30% of the number of shares available under the Recognition Plan. Although, the committee expects to act promptly after receipt of shareholder approval to issue awards under the Recognition Plan, the timing of any such grants, the individual recipients and the specific amounts of such grants have not been determined.

The Board of Directors recommends that you vote FOR adoption of the

2005 Recognition and Retention Plan and Trust Agreement.

SHAREHOLDER PROPOSALS

Shareholder Proposals. Any proposal which a shareholder wishes to have included in the proxy materials of Home Federal Bancorp relating to the first annual meeting of shareholders of Home Federal Bancorp, which is currently expected to be held in October or November 2005, must be received at the principal executive offices of Home Federal Bancorp, Inc., 624 Market Street, Shreveport, Louisiana, 71101, Attention: Clyde D. Patterson, Executive Vice

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

President, a reasonable time before we begin to print and mail our proxy materials, which we expect would occur in September or October 2005. If such proposal is in compliance with all of the requirements of Rule 14a-8 under the Securities Exchange Act of 1934, as amended, it will be included in the Proxy Statement and set forth on the form of proxy issued for such annual meeting of shareholders. It is urged that any such proposals be sent certified mail, return receipt requested.

Shareholder proposals which are not submitted for inclusion in Home Federal Bancorp's proxy materials pursuant to Rule 14a-8 may be brought before an annual meeting pursuant to Article II, Section 15 of Home Federal Bancorp's Bylaws. Notice of the proposal must be given in writing and delivered to, or mailed and received at, our principal executive offices at least five days before the date of the annual meeting.

-9-

 MANAGEMENT COMPENSATION

Summary Compensation Table

The following table sets forth a summary of certain information concerning the compensation paid by Home Federal Savings and Loan Association, including amounts deferred to future periods by the officers, for services rendered in all capacities during the fiscal year ended June 30, 2004, to the President and Chief Executive Officer and the other executive officer of Home Federal Savings and Loan Associations whose salary plus bonus exceeded \$100,000.

Name and Principal Position	Annual Compensation (1)			All Other Compensation (2)
	Fiscal Year	Salary	Bonus	
Daniel R. Herndon, Chairman of the Board, President and Chief Executive Officer	2004	\$128,294	\$ 12,665	\$ 16,798
Clyde D. Patterson, Executive Vice President	2004	102,085	10,070	14,625

-
- (1) Home Federal Savings and Loan Association provides various miscellaneous benefits to the named executive officers. The costs of providing such benefits to the named executive officers did not exceed the lesser of \$50,000 or 10% of the total annual salary and bonus reported for each of such individuals.
- (2) Amounts paid during 2004 include Home Federal Savings and Loan Association's contributions under our 401(k) Plan in the amounts of \$7,698 and \$6,125 to the accounts of Messrs. Herndon and Patterson, respectively, and director's fees of \$9,100 and \$8,500 paid during fiscal 2004 to Messrs. Herndon and Patterson, respectively.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

Director Compensation

Directors of Home Federal Bancorp are not compensated separately by Home Federal Bancorp. The Directors of Home Federal Bancorp also serve as directors of Home Federal Savings and Loan Association and are compensated by Home Federal Savings and Loan Association for such service. The members of Home Federal Savings and Loan Association's Board of Directors received \$600 per meeting attended and \$50 for each committee meeting attended. Board fees are subject to periodic adjustment by the Board of Directors. The members of the Board may receive bonuses in June and December of each year which ranged from \$400 to \$1,000 in fiscal 2004.

OTHER MATTERS

Management is not aware of any business to come before the Special Meeting other than the matters described above in this Proxy Statement. However, if any other matters should properly come before the meeting, it is intended that the proxies solicited hereby will be voted with respect to those other matters in accordance with the judgment of the persons voting the proxies.

The cost of the solicitation of proxies will be borne by Home Federal Bancorp. Home Federal Bancorp will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending the proxy materials to the beneficial owners of Home Federal Bancorp's common stock. In addition to solicitations by mail, directors, officers and employees of Home Federal Bancorp may solicit proxies personally or by telephone without additional compensation. We have also engaged MacKenzie Partners, Inc., a professional proxy solicitation firm, to assist in the solicitation of proxies. Such firm will be paid a fee of \$5,000.00, plus reimbursement of out-of-pocket expenses.

-10-

Appendix A

HOME FEDERAL BANCORP, INC. OF LOUISIANA 2005 STOCK OPTION PLAN

ARTICLE I ESTABLISHMENT OF THE PLAN

Home Federal Bancorp, Inc. of Louisiana (the "Corporation") hereby establishes this 2005 Stock Option Plan (the "Plan") upon the terms and conditions hereinafter stated.

ARTICLE II PURPOSE OF THE PLAN

The purpose of this Plan is to improve the growth and profitability of the Corporation and its Subsidiary Companies by providing Employees and Non-Employee Directors with a proprietary interest in the Corporation as an incentive to contribute to the success of the Corporation and its Subsidiary Companies, and rewarding Employees and Non-Employee Directors for outstanding performance. All Incentive Stock Options issued under this Plan are intended to comply with the requirements of Section 422 of the Code, and the regulations thereunder, and all provisions hereunder shall be read, interpreted and applied with that purpose in mind. Each recipient of an Option hereunder is advised to consult with his or her personal tax advisor with respect to the tax consequences under federal, state, local and other tax laws of the receipt and/or exercise of an Option

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

hereunder.

ARTICLE III DEFINITIONS

The following words and phrases when used in this Plan with an initial capital letter, unless the context clearly indicates otherwise, shall have the meanings set forth below. Wherever appropriate, the masculine pronouns shall include the feminine pronouns and the singular shall include the plural.

3.01 "Advisory Director" means a person appointed to serve as an advisory or emeritus director by the Board of either the Corporation or the Bank or the successors thereto.

3.02 "Bank" means Home Federal Savings and Loan Association, the wholly owned subsidiary of the Corporation.

3.03 "Beneficiary" means the person or persons designated by an Optionee to receive any benefits payable under the Plan in the event of such Optionee's death. Such person or persons shall be designated in writing on forms provided for this purpose by the Committee and may be changed from time to time by similar written notice to the Committee. In the absence of a written designation, the Beneficiary shall be the Optionee's surviving spouse, if any, or if none, his or her estate.

3.04 "Board" means the Board of Directors of the Corporation.

3.05 "Change in Control of the Corporation" shall mean the occurrence of any of the following events:

(i) approval by the shareholders of the Corporation of a transaction that would result and does result in the reorganization, merger or consolidation of the Corporation, with one or more other persons, other than a transaction following which:

(A) at least 51% of the equity ownership interests of the entity resulting from such transaction are beneficially owned (within the meaning of Rule 13d-3 promulgated under the Exchange Act) in substantially the same relative proportions by persons who, immediately prior to such transaction, beneficially owned (within the meaning of Rule 13d-3 promulgated under the Exchange Act) at least 51% of the outstanding equity ownership interests in the Corporation; and

(B) at least 51% of the securities entitled to vote generally in the election of directors of the entity resulting from such transaction the are beneficially owned (within the meaning of Rule 13d-3 promulgated under Exchange Act) in substantially the same relative proportions by persons who, immediately prior to such transaction, beneficially owned (within the meaning of Rule 13d-3 promulgated under the Exchange Act) at least 51% of the securities entitled to vote generally in the election of directors of the Corporation;

(ii) the acquisition of all or substantially all of the assets of the Corporation or beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of the outstanding securities of the Corporation entitled to vote generally in the election of directors by any person, other than Home Federal Mutual Holding Company, the parent mutual holding company of the Corporation (the "MHC"), or by any persons acting in concert, or approval by the shareholders of

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

the Corporation of any transaction which would result in such an acquisition;

(iii) a complete liquidation or dissolution of the Corporation or the Bank, or approval by the shareholders of the Corporation of a plan for such liquidation or dissolution;

(iv) the occurrence of any event if, immediately following such event, members of the Board of Directors of the Corporation who belong to any of the following groups do not aggregate at least a majority of the Board of Directors of the Corporation:

(A) individuals who were members of the Board of Directors of the Corporation on the Effective Date of this Plan; or

(B) individuals who first became members of the Board of Directors of the Corporation after the Effective Date of this Plan either:

(1) upon election to serve as a member of the Board of Directors of the Corporation by the affirmative vote of three-quarters of the members of such Board, or of a nominating committee thereof, in office at the time of such first election; or

(2) upon election by the shareholders of the Board of Directors of the Corporation to serve as a member of the Board of Directors of the Corporation, but only if nominated for election by the affirmative vote of three-quarters of the members of such Board, or of a nominating committee thereof, in office at the time of such first nomination;

provided that such individual's election or nomination did not result from an actual or threatened election contest or other actual or threatened solicitation of proxies or consents other than by or on behalf of the Board of the Directors of the Corporation; or

(v) any event which would be described in Section 3.05(i), (ii), (iii) or (iv) if the term "Bank" were substituted for the term "Corporation" therein and the term "Board of Directors of the Bank" were substituted for the term "Board of Directors of the Corporation" therein.

In no event, however, shall a Change in Control of the Corporation be deemed to have occurred as a result of a second step conversion of the Corporation or any acquisition of securities or assets of the Corporation, the Bank or a subsidiary of either of them, by the Corporation, the Bank, any subsidiary of either of them, or by any employee benefit plan maintained by any of them. For purposes of this Section 3.04, the term "person" shall include the meaning assigned to it under Sections 13(d)(3) or 14(d)(2) of the Exchange Act.

3.06 "Code" means the Internal Revenue Code of 1986, as amended.

A-2

3.07 "Committee" means a committee of two or more directors appointed by the Board pursuant to Article IV hereof, each of whom shall be a Non-Employee Director (i) as defined in Rule 16b-3(b)(3)(i) of the Exchange Act or any successor thereto, (ii) within the meaning of Section 162(m) of the Code or any successor thereto and (iii) shall be independent as defined by the Marketplace Rules of the Nasdaq Stock Market.

3.08 "Common Stock" means shares of the common stock, \$0.01 par value per

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

share, of the Corporation.

3.09 "Director" means a member of the Board of Directors of the Corporation or a Subsidiary Corporation or any successors thereto, including Non-Employee Directors as well as Officers and Employees serving as Directors.

3.10 "Disability" means any physical or mental impairment which (i) qualifies an Optionee for disability benefits under the applicable long-term disability plan maintained by the Corporation or a Subsidiary Company, or (ii) if no such plan applies, would qualify such Optionee for disability benefits under the long-term disability plan maintained by the Corporation, if such individual were covered by that plan, as determined in the sole discretion of the Committee.

3.11 "Effective Date" means the date upon which the Board adopts this Plan.

3.12 "Employee" means any person who is employed by the Corporation or a Subsidiary Company, or is an Officer of the Corporation or a Subsidiary Company, but not including directors who are not also Officers of or otherwise employed by the Corporation or a Subsidiary Company.

3.13 "Employer Group" means the Corporation and any Subsidiary Company which, with the consent of the Board, agrees to participate in the Plan.

3.14 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

3.15 "Exercise Price" means the price at which a share of Common Stock may be purchased by an Optionee pursuant to an Option.

3.16 "Fair Market Value" shall be equal to the fair market value per share of the Corporation's Common Stock on the date an Option is granted. For purposes hereof, the Fair Market Value of a share of Common Stock shall be the closing sale price of a share of Common Stock on the date in question (or, if such day is not a trading day in the U.S. markets, on the nearest preceding trading day), as reported with respect to the principal market (or the composite of the markets, if more than one) or national quotation system in which such shares are then traded, or if no such closing prices are reported, the mean between the high bid and low asked prices that day on the principal market or national quotation system then in use, or if no such quotations are available, the price furnished by a professional securities dealer making a market in such shares selected by the Committee.

3.17 "Incentive Stock Option" means any Option granted under this Plan which the Board intends (at the time it is granted) to be an incentive stock option within the meaning of Section 422 of the Code or any successor thereto.

3.18 "Non-Employee Director" means a member of the Board (including advisory boards, if any) of the Corporation or any Subsidiary Company or any successor thereto, including an Advisory Director of the Board of the Corporation and/or any Subsidiary Company, or a former Officer or Employee of the Corporation and/or any Subsidiary Company serving as a Director or Advisory Director, who is not an Officer or Employee of the Corporation or any Subsidiary Company.

A-3

3.19 "Non-Qualified Option" means any Option granted under this Plan which is not an Incentive Stock Option.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

3.20 "Offering" means the offering of Common Stock to the public completed in 2005 in connection with the mutual holding company reorganization of the Bank and the issuance of the capital stock of the Bank to the Corporation.

3.21 "Officer" means an Employee whose position in the Corporation or Subsidiary Company is that of a corporate officer, as determined by the Board.

3.22 "Option" means a right granted under this Plan to purchase Common Stock.

3.23 "Optionee" means an Employee or Non-Employee Director or former Employee or Non-Employee Director to whom an Option is granted under the Plan.

3.24 "OTS" means the Office of Thrift Supervision.

3.25 "Retirement" means:

(a) A termination of employment which constitutes a "retirement" at the "normal retirement age" or later under the Home Federal Savings and Loan Association 401(k) Plan or such other qualified pension benefit plan maintained by the Corporation or a Subsidiary Company as may be designated by the Board or the Committee, or, if no such plan is applicable, which would constitute "retirement" under the Home Federal Savings and Loan Association Bank 401(k) Plan, if such individual were a participant in that plan, provided, however, that the provisions of this subsection (a) will not apply as long as an Optionee continues to serve as a Non-Employee Director, including service as an Advisory Director.

(b) With respect to Non-Employee Directors, retirement means retirement from service on the Board of Directors of the Corporation or a Subsidiary Company or any successors thereto (including service as an Advisory Director to the Corporation or any Subsidiary Company) after reaching normal retirement age as established by the Company.

3.26 "Stock Option Agreement" means the written agreement setting forth the number of shares subject to the Option, the exercise price thereof, designating the Option as an Incentive Stock Option or a Non-Qualified Option and such other terms of the Option as the Committee shall deem appropriate.

3.27 "Subsidiary Companies" means those subsidiaries of the Corporation, including the Bank, which meet the definition of "subsidiary corporations" set forth in Section 424(f) of the Code, at the time of granting of the Option in question.

ARTICLE IV ADMINISTRATION OF THE PLAN

4.01 Duties of the Committee. The Plan shall be administered and

interpreted by the Committee, as appointed from time to time by the Board pursuant to Section 4.02. The Committee shall have the authority to adopt, amend and rescind such rules, regulations and procedures as, in its opinion, may be advisable in the administration of the Plan, including, without limitation, rules, regulations and procedures which (i) address matters regarding the satisfaction of an Optionee's tax withholding obligation pursuant to Section 12.02 hereof, (ii) to the extent permissible by applicable law and regulation, include arrangements to facilitate the Optionee's ability to borrow funds for payment of the exercise or purchase price of an Option, if applicable, from securities brokers and dealers, and (iii) subject to any legal or regulatory restrictions or limitations, include arrangements which provide for the payment of some or all of such exercise or purchase price by delivery of previously owned shares of Common Stock or other property and/or by withholding some of the

shares of Common Stock which are being acquired. The

A-4

interpretation and construction by the Committee of any provisions of the Plan, any rule, regulation or procedure adopted by it pursuant thereto or of any Option shall be final and binding in the absence of action by the Board.

4.02 Appointment and Operation of the Committee. The members of the

Committee shall be appointed by, and will serve at the pleasure of, the Board. The Board from time to time may remove members from, or add members to, the Committee, provided the Committee shall continue to consist of two or more members of the Board, each of whom shall be a Non-Employee Director, as defined in Rule 16b-3(b)(3)(i) of the Exchange Act or any successor thereto. In addition, each member of the Committee shall be an (i) "outside director" within the meaning of Section 162(m) of the Code and regulations thereunder at such times as is required under such regulations and (ii) an "independent director" as such term is defined in Rule 4200(a)(15) of the Marketplace Rules of the Nasdaq Stock Market. The Committee shall act by vote or written consent of a majority of its members. Subject to the express provisions and limitations of the Plan, the Committee may adopt such rules, regulations and procedures as it deems appropriate for the conduct of its affairs. It may appoint one of its members to be chairman and any person, whether or not a member, to be its secretary or agent. The Committee shall report its actions and decisions to the Board at appropriate times but in no event less than one time per calendar year.

4.03 Revocation for Misconduct. The Board or the Committee may by

resolution immediately revoke, rescind and terminate any Option, or portion thereof, to the extent not yet vested, previously granted or awarded under this Plan to an Employee who is discharged from the employ of the Corporation or a Subsidiary Company for cause, which, for purposes hereof, shall mean termination because of the Employee's personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule, or regulation (other than traffic violations or similar offenses) or final cease-and-desist order. Options granted to a Non-Employee Director who is removed for cause pursuant to the Corporation's Articles of Incorporation or Bylaws or the Bank's Charter and Bylaws or the constituent documents of such other Subsidiary Company on whose board he serves shall terminate as of the effective date of such removal.

4.04 Limitation on Liability. Neither the members of the Board nor any

member of the Committee shall be liable for any action or determination made in good faith with respect to the Plan, any rule, regulation or procedure adopted by it pursuant thereto or any Options granted under it. If a member of the Board or the Committee is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of anything done or not done by him in such capacity under or with respect to the Plan, the Corporation shall, subject to the requirements of applicable laws and regulations, indemnify such member against all liabilities and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Corporation and its Subsidiary Companies and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

4.05 Compliance with Law and Regulations. All Options granted hereunder

shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. The Corporation shall not be required to issue or deliver any certificates for shares of Common Stock prior to the completion of any registration or qualification of or obtaining of consents or approvals with respect to such shares under any federal or state law or any rule or regulation of any government body, which the Corporation shall, in its sole discretion, determine to be necessary or advisable. Moreover, no Option may be exercised if such exercise would be contrary to applicable laws and regulations.

4.06 Restrictions on Transfer. The Corporation may place a legend upon any

certificate representing shares acquired pursuant to an Option granted hereunder noting that the transfer of such shares may be restricted by applicable laws and regulations.

A-5

ARTICLE V
ELIGIBILITY

Options may be granted to such Employees or Non-Employee Directors of the Corporation and its Subsidiary Companies as may be designated from time to time by the Board or the Committee. Options may not be granted to individuals who are not Employees or Non-Employee Directors of either the Corporation or its Subsidiary Companies. Non-Employee Directors shall be eligible to receive only Non-Qualified Options.

ARTICLE VI
COMMON STOCK COVERED BY THE PLAN

6.01 Option Shares. The aggregate number of shares of Common Stock which

may be issued pursuant to this Plan, subject to adjustment as provided in Article IX, shall be 174,389. None of such shares shall be the subject of more than one Option at any time, but if an Option as to any shares is surrendered before exercise, or expires or terminates for any reason without having been exercised in full, or for any other reason ceases to be exercisable, the number of shares covered thereby shall again become available for grant under the Plan as if no Options had been previously granted with respect to such shares. During the time this Plan remains in effect, the aggregate grants of Options to each Employee and each Non-Employee Director shall not exceed 25% and 5% of the shares of Common Stock initially available under the Plan, respectively. Options granted to Non-Employee Directors in the aggregate may not exceed 30% of the number of shares initially available under this Plan.

6.02 Source of Shares. The shares of Common Stock issued under the Plan

may be authorized but unissued shares, treasury shares or shares purchased by the Corporation on the open market or from private sources for use under the Plan.

ARTICLE VII
DETERMINATION OF
OPTIONS, NUMBER OF SHARES, ETC.

The Board or the Committee shall, in its discretion, determine from time to time which Employees or Non-Employee Directors will be granted Options under

the Plan, the number of shares of Common Stock subject to each Option, and whether each Option will be an Incentive Stock Option or a Non-Qualified Stock Option. In making all such determinations there shall be taken into account the duties, responsibilities and performance of each respective Employee and Non-Employee Director, his or her present and potential contributions to the growth and success of the Corporation, his or her salary or other compensation and such other factors as the Board or the Committee shall deem relevant to accomplishing the purposes of the Plan. The Board or the Committee may but shall not be required to request the written recommendation of the Chief Executive Officer of the Corporation other than with respect to Options to be granted to him or her.

ARTICLE VIII
OPTIONS

Each Option granted hereunder shall be on the following terms and conditions:

8.01 Stock Option Agreement. The proper Officers on behalf of the

Corporation and each Optionee shall execute a Stock Option Agreement which shall set forth the total number of shares of Common Stock to which it pertains, the exercise price, whether it is a Non-Qualified Option or an Incentive Stock Option, and such other terms, conditions, restrictions and privileges as the Board or the Committee in each instance shall deem appropriate, provided they are not inconsistent with the terms, conditions and provisions of this Plan. Each Optionee shall receive a copy of his executed Stock Option Agreement.

A-6

8.02 Option Exercise Price.

(a) Incentive Stock Options. The per share price at which the subject Common Stock may be purchased upon exercise of an Incentive Stock Option shall be no less than one hundred percent (100%) of the Fair Market Value of a share of Common Stock at the time such Incentive Stock Option is granted, except as provided in Section 8.09(b).

(b) Non-Qualified Options. The per share price at which the subject Common Stock may be purchased upon exercise of a Non-Qualified Option shall be no less than one hundred percent (100%) of the Fair Market Value of a share of Common Stock at the time such Non-Qualified Option is granted.

8.03 Vesting and Exercise of Options.

(a) General Rules. Incentive Stock Options and Non-Qualified Options

shall become vested and exercisable at a rate no more rapid than 20% per year, commencing one year from the date of grant as shall be determined by the Committee and the right to exercise shall be cumulative. Notwithstanding the foregoing, except as provided in Section 8.03(b) hereof, no vesting shall occur on or after an Employee's employment and/or service as a Non-Employee Director (which, for purposes hereof, shall include service as an Advisory Director) with the Corporation or any of the Subsidiary Companies is terminated. In determining the number of shares of Common Stock with respect to which Options are vested and/or exercisable, fractional shares will be rounded down to the nearest whole

number, provided that such fractional shares shall be aggregated and deemed vested on the final date of vesting.

(b) Accelerated Vesting. Unless the Board or the Committee shall

specifically state otherwise at the time an Option is granted, all Options granted under this Plan shall become vested and exercisable in full on the date an Optionee terminates his employment with the Corporation or a Subsidiary Company or service as a Non-Employee Director (including for purposes hereof service as an Advisory Director) because of his death or Disability (provided, however, no such accelerated vesting shall occur if a Recipient remains employed by or continues to serve as a Director (including for purposes hereof service as an Advisory Director) of at least one member of the Employer Group). Furthermore, notwithstanding the general rule contained in Section 8.03(a), all Options granted under this Plan shall become vested and exercisable in full as of the effective date of a Change in Control.

8.04 Duration of Options.

(a) General Rule. Except as provided in Sections 8.04(b) and 8.09,

each Option or portion thereof granted to Employees and Non-Employee Directors shall be exercisable at any time on or after it vests and becomes exercisable until the earlier of (i) ten (10) years after its date of grant or (ii) six (6) months after the date on which the Optionee ceases to be employed (or in the service of the Board of Directors) by the Corporation and all Subsidiary Companies, unless the Board of Directors or the Committee in its discretion decides at the time of grant to extend such period of exercise to a period not exceeding three (3) years. In the event an Incentive Stock Option is not exercised within 90 days of the effective date of termination of Optionee's status as an Employee, the tax treatment accorded Incentive Stock Options by the Code may not be available. In addition, the accelerated vesting of Incentive Stock Options provided by Section 8.03(b) may result in all or a portion of such Incentive Stock Options no longer qualifying as Incentive Stock Options. Notwithstanding anything herein to the contrary, all executive officers and directors of the Corporation must either exercise or forfeit any Options granted hereunder in the event that the Bank becomes critically undercapitalized (as defined in 12 C.F.R. Section 565.4 or any successor thereto), is subject to OTS enforcement action or receives a capital directive from the OTS under 12 C.F.R. Section 565.7.

(b) Exception for Termination Due to Disability, Retirement, Change

in Control or Death. Unless the Board or the Committee shall specifically

state otherwise at the time an Option is

A-7

granted: (i) if an Employee terminates his employment with the Corporation or a Subsidiary Company as a result of Disability or Retirement without having fully exercised his Options, the Employee shall have the right, during the three (3) year period following his termination due to Disability or Retirement, to exercise such Options, and (ii) if a Non-Employee Director terminates his service as a director (including service as an Advisory Director) with the Corporation or a Subsidiary Company as a result of Disability or Retirement without having fully

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

exercised his Options, the Non-Employee Director shall have the right, during the three (3) year period following his termination due to Disability or Retirement, to exercise such Options.

Subject to the provisions of Article IX hereof, unless the Board or the Committee shall specifically state otherwise at the time an Option is granted, if an Employee or Non-Employee Director terminates his employment or service with the Corporation or a Subsidiary Company following a Change in Control of the Corporation without having fully exercised his Options, the Optionee shall have the right to exercise such Options during the remainder of the original ten (10) year term of the Option from the date of grant.

If an Optionee dies while in the employ or service of the Corporation or a Subsidiary Company or terminates employment or service with the Corporation or a Subsidiary Company as a result of Disability or Retirement and dies without having fully exercised his Options, the executors, administrators, legatees or distributees of his estate shall have the right, during the one (1) year period following his death, to exercise such Options.

In no event, however, shall any Option be exercisable more than ten (10) years from the date it was granted.

8.05 Nonassignability. Options shall not be transferable by an Optionee

except by will or the laws of descent or distribution, and during an Optionee's lifetime shall be exercisable only by such Optionee or the Optionee's guardian or legal representative. Notwithstanding the foregoing, or any other provision of this Plan, an Optionee who holds Non-Qualified Options may transfer such Options to his immediate family or to a duly established trust for the benefit of one or more of these individuals. For purposes hereof, "immediate family" includes but is not necessarily limited to, the Participant's spouse, children (including step children), parents, grandchildren and great grandchildren. Options so transferred may thereafter be transferred only to the Optionee who originally received the grant or to an individual or trust to whom the Optionee could have initially transferred the Option pursuant to this Section 8.05. Options which are transferred pursuant to this Section 8.05 shall be exercisable by the transferee according to the same terms and conditions as applied to the Optionee.

8.06 Manner of Exercise. Options may be exercised in part or in whole and

at one time or from time to time. The procedures for exercise shall be set forth in the written Stock Option Agreement provided for in Section 8.01 above.

8.07 Payment for Shares. Payment in full of the purchase price for shares

of Common Stock purchased pursuant to the exercise of any Option shall be made to the Corporation upon exercise of the Option. All shares sold under the Plan shall be fully paid and nonassessable. Payment for shares may be made by the Optionee (i) in cash or by check, (ii) by delivery of a properly executed exercise notice, together with irrevocable instructions to a broker to sell the shares and then to properly deliver to the Corporation the amount of sale proceeds to pay the exercise price, all in accordance with applicable laws and regulations, or (iii) at the discretion of the Board or the Committee, by delivering shares of Common Stock (including shares acquired pursuant to the previous exercise of an Option) equal in fair market value to the purchase price of the shares to be acquired pursuant to the Option, by withholding some of the shares of Common Stock which are being purchased upon exercise of an Option, or any combination of the foregoing. With respect to subclause (iii) hereof, the shares of Common Stock delivered to pay the purchase price must have either been (x) purchased in open market transactions or (y) issued by the Corporation pursuant to a plan thereof more than six months prior to the exercise date of

the Option.

8.08 Voting and Dividend Rights. No Optionee shall have any voting or

dividend rights or other rights of a shareholder in respect of any shares of
Common Stock covered by an Option prior to the time that his name is recorded on
the Corporation's shareholder ledger as the holder of record of such shares
acquired pursuant to an exercise of an Option.

A-8

8.09 Additional Terms Applicable to Incentive Stock Options. All Options

issued under the Plan which are designated as Incentive Stock Options will be
subject, in addition to the terms detailed in Sections 8.01 to 8.08 above, to
those contained in this Section 8.09.

(a) Amount Limitation. Notwithstanding any contrary provisions

contained elsewhere in this Plan and as long as required by Section 422 of
the Code, the aggregate Fair Market Value, determined as of the time an
Incentive Stock Option is granted, of the Common Stock with respect to
which Incentive Stock Options are exercisable for the first time by the
Optionee during any calendar year, under this Plan and stock options that
satisfy the requirements of Section 422 of the Code under any other stock
option plans maintained by the Corporation (or any parent or Subsidiary
Company), shall not exceed \$100,000.

(b) Limitation on Ten Percent Shareholders. The price at which

shares of Common Stock may be purchased upon exercise of an Incentive
Stock Option granted to an individual who, at the time such Incentive
Stock Option is granted, owns, directly or indirectly, more than ten
percent (10%) of the total combined voting power of all classes of stock
issued to shareholders of the Corporation or any Subsidiary Company, shall
be no less than one hundred and ten percent (110%) of the Fair Market
Value of a share of the Common Stock of the Corporation at the time of
grant, and such Incentive Stock Option shall by its terms not be
exercisable after the earlier of the date determined under Section 8.03 or
the expiration of five (5) years from the date such Incentive Stock Option
is granted.

(c) Notice of Disposition; Withholding; Escrow. An Optionee shall

immediately notify the Corporation in writing of any sale, transfer,
assignment or other disposition (or action constituting a disqualifying
disposition within the meaning of Section 421 of the Code) of any shares
of Common Stock acquired through exercise of an Incentive Stock Option,
within two (2) years after the grant of such Incentive Stock Option or
within one (1) year after the acquisition of such shares, setting forth
the date and manner of disposition, the number of shares disposed of and
the price at which such shares were disposed of. The Corporation shall be
entitled to withhold from any compensation or other payments then or
thereafter due to the Optionee such amounts as may be necessary to satisfy
any minimum withholding requirements of Federal or state law or regulation
and, further, to collect from the Optionee any additional amounts which
may be required for such purpose. The Committee may, in its discretion,
require shares of Common Stock acquired by an Optionee upon exercise of an
Incentive Stock Option to be held in an escrow arrangement for the purpose
of enabling compliance with the provisions of this Section 8.09(c).

ARTICLE IX
ADJUSTMENTS FOR CAPITAL CHANGES

The aggregate number of shares of Common Stock available for issuance under this Plan, the number of shares to which any Option relates, the maximum number of shares that can be covered by Options to each Employee, each Non-Employee Director and Non-Employee Directors as a group and the exercise price per share of Common Stock under any Option shall be proportionately adjusted for any increase or decrease in the total number of outstanding shares of Common Stock issued subsequent to the effective date of this Plan resulting from a split, subdivision or consolidation of shares or any other capital adjustment, the payment of a stock dividend, or other increase or decrease in such shares effected without receipt or payment of consideration by the Corporation. If, upon a merger, consolidation, reorganization, liquidation, recapitalization or the like of the Corporation, the shares of the Corporation's Common Stock shall be exchanged for other securities of the Corporation or of another corporation, each Option shall be converted, subject to the conditions herein stated, into the right to purchase or acquire such number of shares of Common Stock or amount of other securities of the Corporation or such other corporation as were exchangeable for the number of shares of Common Stock of the Corporation which such Optionee would have been entitled to purchase or acquire except for such action, and appropriate adjustments shall be made to the per share exercise price of outstanding Options. Notwithstanding any provision to the contrary herein, the term of any Option granted hereunder and the property which the Optionee shall receive upon the exercise or termination thereof shall be subject to and be governed by the provisions regarding the treatment of any such Options set forth in a definitive agreement with respect to any of the aforementioned transactions entered into by the Corporation to the

A-9

extent any such Option remains outstanding and unexercised upon consummation of the transactions contemplated by such definitive agreement. In addition, notwithstanding any provision to the contrary, the exercise price of shares subject to outstanding Options may be proportionately adjusted upon the payment of a special large and nonrecurring dividend that has the effect of a return of capital to the stockholders, providing that the adjustment to the per share exercise price shall satisfy the criteria set forth in Emerging Issues Task Force 90-9 (or any successor thereto) so that the adjustments do not result in compensation expense, and provided further that if such adjustment with respect to Incentive Stock Options would be treated as a modification of the outstanding Incentive Stock Options with the effect that, for purposes of Sections 422 and 425(h) of the Code, and the rules and regulations promulgated thereunder, new Incentive Stock Options would be deemed to be granted, then no adjustment to the per share exercise price of outstanding stock options shall be made.

ARTICLE X
AMENDMENT AND TERMINATION OF THE PLAN

The Board may, by resolution, at any time terminate or amend the Plan with respect to any shares of Common Stock as to which Options have not been granted, subject to regulations of the OTS and any required shareholder approval or any shareholder approval which the Board may deem to be advisable for any reason, such as for the purpose of obtaining or retaining any statutory or regulatory benefits under tax, securities or other laws or satisfying any applicable stock exchange listing requirements. The Board may not, without the consent of the holder of an Option, alter or impair any Option previously granted or awarded under this Plan except as provided by Article IX hereof or except as specifically authorized herein.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

Notwithstanding anything to the contrary herein, in no event shall the Board of Directors without shareholder approval amend the Plan or shall the Board of Directors or the Committee amend an Option in any manner that effectively allows the repricing of any Option previously granted under the Plan either through a reduction in the Exercise Price or through the cancellation and regrant of a new Option in exchange for the cancelled Option (except as permitted pursuant to Article IX in connection with a change in the Corporation's capitalization).

ARTICLE XI
EMPLOYMENT RIGHTS

Neither the Plan nor the grant of any Options hereunder nor any action taken by the Committee or the Board in connection with the Plan shall create any right on the part of any Employee or Non-Employee Director of the Corporation or a Subsidiary Company to continue in such capacity.

ARTICLE XII
WITHHOLDING

12.01 Tax Withholding. The Corporation may withhold from any cash payment

made under this Plan sufficient amounts to cover any applicable minimum withholding and employment taxes, and if the amount of such cash payment is insufficient, the Corporation may require the Optionee to pay to the Corporation the amount required to be withheld as a condition to delivering the shares acquired pursuant to an Option. The Corporation also may withhold or collect amounts with respect to a disqualifying disposition of shares of Common Stock acquired pursuant to exercise of an Incentive Stock Option, as provided in Section 8.09(c).

12.02 Methods of Tax Withholding. The Board or the Committee is authorized

to adopt rules, regulations or procedures which provide for the satisfaction of an Optionee's tax withholding obligation by the retention of shares of Common Stock to which the Employee would otherwise be entitled pursuant to an Option and/or by the Optionee's delivery of previously owned shares of Common Stock or other property.

A-10

ARTICLE XIII
EFFECTIVE DATE OF THE PLAN; TERM

13.01 Effective Date of the Plan. This Plan shall become effective on the

Effective Date, and Options may be granted hereunder no earlier than the date this Plan is approved by shareholders and no later than the termination of the Plan, provided this Plan is approved by shareholders of the Corporation pursuant to Article XIV hereof.

13.02 Term of Plan. Unless sooner terminated, this Plan shall remain in

effect for a period of ten (10) years ending on the tenth anniversary of the Effective Date. Termination of the Plan shall not affect any Options previously granted and such Options shall remain valid and in effect until they have been fully exercised or earned, are surrendered or by their terms or the terms hereof expire or are forfeited.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

ARTICLE XIV
SHAREHOLDER APPROVAL

The Corporation shall submit this Plan to shareholders for approval at a meeting of shareholders of the Corporation held within twelve (12) months following the Effective Date in order to meet the requirements of (i) Section 422 of the Code and regulations thereunder and (ii) Section 162(m) of the Code and regulations thereunder. In addition to any other shareholder approvals that may be deemed necessary or appropriate by the Corporation, this Plan is subject to approval by a majority of the total votes eligible to be cast by shareholders other than the MHC.

ARTICLE XV
MISCELLANEOUS

15.01 Governing Law. To the extent not governed by federal law, this Plan

shall be construed under the laws of the State of Louisiana.

A-11

Appendix B

HOME FEDERAL BANCORP, INC. OF LOUISIANA

2005 RECOGNITION AND RETENTION PLAN AND TRUST AGREEMENT

ARTICLE I
ESTABLISHMENT OF THE PLAN AND TRUST

1.01 Home Federal Bancorp, Inc. of Louisiana (the "Corporation") hereby establishes the 2005 Recognition and Retention Plan (the "Plan") and Trust (the "Trust") upon the terms and conditions hereinafter stated in this 2005 Recognition and Retention Plan and Trust Agreement (the "Agreement").

1.02 The Trustee hereby accepts this Trust and agrees to hold the Trust assets existing on the date of this Agreement and all additions and accretions thereto upon the terms and conditions hereinafter stated.

ARTICLE II
PURPOSE OF THE PLAN

The purpose of the Plan is to retain personnel of experience and ability in key positions by providing Employees and Non-Employee Directors with a proprietary interest in the Corporation and its Subsidiary Companies as compensation for their contributions to the Corporation and the Subsidiary Companies and as an incentive to make such contributions in the future. Each Recipient of a Plan Share Award hereunder is advised to consult with his or her personal tax advisor with respect to the tax consequences under federal, state, local and other tax laws of the receipt of a Plan Share Award hereunder.

ARTICLE III
DEFINITIONS

The following words and phrases when used in this Agreement with an initial capital letter, unless the context clearly indicates otherwise, shall have the meanings set forth below. Wherever appropriate, the masculine pronouns shall include the feminine pronouns and the singular shall include the plural.

3.01 "Advisory Director" means a person appointed to serve as an advisory

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

or emeritus director by the Board of either the Corporation or the Bank or the successors thereto.

3.02 "Bank" means Home Federal Savings and Loan Association, the wholly owned subsidiary of the Corporation.

3.03 "Beneficiary" means the person or persons designated by a Recipient to receive any benefits payable under the Plan in the event of such Recipient's death. Such person or persons shall be designated in writing on forms provided for this purpose by the Committee and may be changed from time to time by similar written notice to the Committee. In the absence of a written designation, the Beneficiary shall be the Recipient's surviving spouse, if any, or if none, his or her estate.

3.04 "Board" means the Board of Directors of the Corporation.

3.05 "Change in Control of the Corporation" shall mean the occurrence of any of the following events:

(i) approval by the shareholders of the Corporation of a transaction that would result and does result in the reorganization, merger or consolidation of the Corporation, with one or more other persons, other than a transaction following which:

(A) at least 51% of the equity ownership interests of the entity resulting from such transaction are beneficially owned (within the meaning of Rule 13d-3 promulgated under the Exchange Act)

in substantially the same relative proportions by persons who, immediately prior to such transaction, beneficially owned (within the meaning of Rule 13d-3 promulgated under the Exchange Act) at least 51% of the outstanding equity ownership interests in the Corporation; and

(B) at least 51% of the securities entitled to vote generally in the election of directors of the entity resulting from such transaction are beneficially owned (within the meaning of Rule 13d-3 promulgated under the Exchange Act) in substantially the same relative proportions by persons who, immediately prior to such transaction, beneficially owned (within the meaning of Rule 13d-3 promulgated under the Exchange Act) at least 51% of the securities entitled to vote generally in the election of directors of the Corporation;

(ii) the acquisition of all or substantially all of the assets of the Corporation or beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of the outstanding securities of the Corporation entitled to vote generally in the election of directors by any person, other than Home Federal Mutual Holding Company, the parent mutual holding company of the Corporation (the "MHC"), or by any persons acting in concert, or approval by the shareholders of the Corporation of any transaction which would result in such an acquisition;

(iii) a complete liquidation or dissolution of the Corporation or the Bank, or approval by the shareholders of the Corporation of a plan for such liquidation or dissolution;

(iv) the occurrence of any event if, immediately following such event, members of the Board of Directors of the Corporation who belong to any of the following groups do not aggregate at least a majority of the

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

Board of Directors of the Corporation:

(A) individuals who were members of the Board of Directors of the Corporation on the Effective Date of this Plan; or

(B) individuals who first became members of the Board of Directors of the Corporation after the Effective Date of this Plan either:

(1) upon election to serve as a member of the Board of Directors of the Corporation by the affirmative vote of three-quarters of the members of such Board, or of a nominating committee thereof, in office at the time of such first election; or

(2) upon election by the shareholders of the Board of Directors of the Corporation to serve as a member of the Board of Directors of the Corporation, but only if nominated for election by the affirmative vote of three-quarters of the members of such Board, or of a nominating committee thereof, in office at the time of such first nomination;

provided that such individual's election or nomination did not result from an actual or threatened election contest or other actual or threatened solicitation of proxies or consents other than by or on behalf of the Board of the Directors of the Corporation; or

(v) any event which would be described in Section 3.05(i), (ii), (iii) or (iv) if the term "Bank" were substituted for the term "Corporation" therein and the term "Board of Directors of the Bank" were substituted for the term "Board of Directors of the Corporation" therein.

In no event, however, shall a Change in Control of the Corporation be deemed to have occurred as a result of a second step conversion of the Corporation or any acquisition of securities or assets of the Corporation, the Bank or a subsidiary of either of them, by the Corporation, the Bank, any subsidiary of either of them, or by any employee benefit plan maintained by any of them. For purposes of this Section 3.04, the term "person" shall include the meaning assigned to it under Sections 13(d)(3) or 14(d)(2) of the Exchange Act.

B-2

3.06 "Code" means the Internal Revenue Code of 1986, as amended.

3.07 "Committee" means the committee appointed by the Board pursuant to Article IV hereof.

3.08 "Common Stock" means shares of the common stock, \$0.01 par value per share, of the Corporation.

3.09 "Director" means a member of the Board of Directors of the Corporation or a Subsidiary Corporation or any successors thereto, including Non-Employee Directors as well as Officers and Employees serving as Directors.

3.10 "Disability" means any physical or mental impairment which (i) qualifies an individual for disability benefits under the applicable long-term disability plan maintained by the Corporation or a Subsidiary Company or (ii) if no such plan applies, would qualify such individual for disability benefits under the long-term disability plan maintained by the Corporation, if such individual were covered by that plan, as determined in the sole discretion of the Committee.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

3.11 "Effective Date" means the day upon which the Board adopts this Plan.

3.12 "Employee" means any person who is employed by the Corporation or a Subsidiary Company or is an Officer of the Corporation or a Subsidiary Company, but not including directors who are not also Officers of or otherwise employed by the Corporation or a Subsidiary Company.

3.13 "Employer Group" means the Corporation and any Subsidiary Company which, with the consent of the Board, agrees to participate in the Plan.

3.14 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

3.15 "Non-Employee Director" means a member of the Board (including advisory boards, if any) of the Corporation or any Subsidiary Company or any successor thereto, including an Advisory Director of the Board of the Corporation and/or any Subsidiary Company or a former Officer or Employee of the Corporation and/or any Subsidiary Company serving as a Director or Advisory Director who is not an Officer or Employee of the Corporation or any Subsidiary Company.

3.16 "Offering" means the offering of Common Stock to the public completed in 2005 in connection with the mutual holding company reorganization of the Bank and the issuance of the capital stock of the Bank to the Corporation.

3.17 "Officer" means an Employee whose position in the Corporation or a Subsidiary Company is that of a corporate officer, as determined by the Board.

3.18 "OTS" means the Office of Thrift Supervision.

3.19 "Performance Share Award" means a Plan Share Award granted to a Recipient pursuant to Section 7.05 of the Plan.

3.20 "Performance Goal" means an objective for the Corporation or any Subsidiary Company or any unit thereof or any Employee of the foregoing that may be established by the Committee for a Performance Share Award to become vested, earned or exercisable. The establishment of Performance Goals are intended to make the applicable Performance Share Awards "performance-based" compensation within the meaning of Section 162(m) of the Code, and the Performance Goals shall be based on one or more of the following criteria:

B-3

- (i) net income, as adjusted for non-recurring items;
- (ii) cash earnings;
- (iii) earnings per share;
- (iv) cash earnings per share;
- (v) return on average equity;
- (vi) return on average assets;
- (vii) assets;
- (viii) stock price;
- (ix) total shareholder return;
- (x) capital;
- (xi) net interest income;
- (xii) market share;
- (xiii) cost control or efficiency ratio; and
- (xiv) asset growth.

3.21 "Plan Shares" or "Shares" means shares of Common Stock which may be distributed to a Recipient pursuant to the Plan.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

3.22 "Plan Share Award" or "Award" means a right granted under this Plan to receive a distribution of Plan Shares upon completion of the service requirements described in Article VII hereof, and includes Performance Share Awards.

3.23 "Recipient" means an Employee or Non-Employee Director or former Employee or Non-Employee Director who receives a Plan Share Award or Performance Share Award under the Plan.

3.24 "Retirement" means:

(a) A termination of employment which constitutes a "retirement" at the "normal retirement age" or later under the Home Federal Savings and Loan Association 401(k) Plan or such other qualified pension benefit plan maintained by the Corporation or a Subsidiary Company as may be designated by the Board or the Committee, or, if no such plan is applicable, which would constitute "retirement" under the Home Federal Savings and Loan Association 401(k) Plan, if such individual were a participant in that plan; provided, however, that the provisions of this subsection (a) will not apply as long as a Recipient continues to serve as a Non-Employee Director, including service as an Advisory Director.

(b) With respect to Non-Employee Directors, retirement means retirement from service on the Board of Directors of the Corporation or a Subsidiary Company or any successors thereto (including service as an Advisory Director to the Corporation or any Subsidiary Company) after reaching normal retirement age as established by the Company.

3.25 "Subsidiary Companies" means those subsidiaries of the Corporation, including the Bank, which meet the definition of "subsidiary corporations" set forth in Section 424(f) of the Code, at the time of the granting of the Plan Share Award in question.

3.26 "Trustee" means such firm, entity or persons approved by the Board to hold legal title to the Plan and the Plan assets for the purposes set forth herein.

ARTICLE IV
ADMINISTRATION OF THE PLAN

4.01 Duties of the Committee. The Plan shall be administered and

interpreted by the Committee, which shall consist of two or more members of the Board, each of whom shall be a Non-Employee Director, as defined in Rule 16b-3(b)(3)(i) of the Exchange Act. In addition, each member of the Committee shall be an (i)

B-4

"outside director" within the meaning of Section 162(m) of the Code and the regulations thereunder at such times as is required under such regulations and (ii) an "independent director" as such term is defined in Rule 4200(a)(15) of the Marketplace Rules of the Nasdaq Stock Market. The Committee shall have all of the powers allocated to it in this and other Sections of the Plan. The interpretation and construction by the Committee of any provisions of the Plan or of any Plan Share Award granted hereunder shall be final and binding in the absence of action by the Board. The Committee shall act by vote or written consent of a majority of its members. Subject to the express provisions and limitations of the Plan, the Committee may adopt such rules, regulations and procedures as it deems appropriate for the conduct of its affairs. The Committee

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

shall report its actions and decisions with respect to the Plan to the Board at appropriate times, but in no event less than once per calendar year.

4.02 Role of the Board. The members of the Committee and the Trustee shall

be appointed or approved by, and will serve at the pleasure of, the Board. The Board may in its discretion from time to time remove members from, or add members to, the Committee, and may remove or replace the Trustee, provided that any directors who are selected as members of the Committee shall be Non-Employee Directors.

4.03 Revocation for Misconduct. Notwithstanding anything to the contrary

herein, the Board or the Committee may by resolution immediately revoke, rescind and terminate any Plan Share Award, or portion thereof, to the extent not yet vested, previously granted or awarded under this Plan to an Employee who is discharged from the employ of the Corporation or a Subsidiary Company for cause, which, for purposes hereof, shall mean termination because of the Employee's personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule, or regulation (other than traffic violations or similar offenses) or final cease-and-desist order. Unvested Plan Share Awards to a Non-Employee Director who is removed for cause pursuant to the Corporation's Articles of Incorporation or Bylaws or the Bank's Charter and Bylaws or the constituent documents of such other Subsidiary Company on whose board he or she serves shall terminate as of the effective date of such removal.

4.04 Limitation on Liability. No member of the Board or the Committee

shall be liable for any determination made in good faith with respect to the Plan or any Plan Shares or Plan Share Awards granted under it. If a member of the Board or the Committee is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of anything done or not done by him in such capacity under or with respect to the Plan, the Corporation shall, subject to the requirements of applicable laws and regulations, indemnify such member against all liabilities and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he reasonably believed to be in the best interests of the Corporation and any Subsidiary Companies and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

4.05 Compliance with Laws and Regulations. All Awards granted hereunder

shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency or shareholders as may be required. The Corporation shall not be required to issue or deliver any certificates for shares of Common Stock prior to the completion of any registration or qualification of or obtaining of consents or approvals with respect to such shares under any federal or state law or any rule or regulation of any government body, which the Corporation shall, in its sole discretion, determine to be necessary or advisable.

4.06 Restrictions on Transfer. The Corporation may place a legend upon any

certificate representing shares issued pursuant to a Plan Share Award noting that such shares may be restricted by applicable laws and regulations.

ARTICLE V CONTRIBUTIONS

5.01 Amount and Timing of Contributions. The Board shall determine the

amount (or the method of computing the amount) and timing of any contributions
by the Corporation and any Subsidiary Companies to the

B-5

Trust established under this Plan. Such amounts may be paid in cash or in shares
of Common Stock and shall be paid to the Trust at the designated time of
contribution. No contributions by Employees or Non-Employee Directors shall be
permitted.

5.02 Investment of Trust Assets; Number of Plan Shares. Subject to Section

8.02 hereof, the Trustee shall invest all of the Trust's assets primarily in
Common Stock. The aggregate number of Plan Shares available for distribution
pursuant to this Plan shall be 69,756 shares of Common Stock, subject to
adjustment as provided in Section 9.01 hereof, which shares shall be purchased
(from the Corporation and/or, if permitted by applicable regulations, from
shareholders thereof) by the Trust with funds contributed by the Corporation.
During the time this Plan remains in effect, Awards to each Employee and each
Non-Employee Director shall not exceed 25% and 5% of the shares of Common Stock
initially available under the Plan, respectively. Plan Share Awards to
Non-Employee Directors in the aggregate shall not exceed 30% of the number of
shares initially available under this Plan.

ARTICLE VI
ELIGIBILITY; ALLOCATIONS

6.01 Awards. Plan Share Awards and Performance Share Awards may be made to

such Employees and Non-Employee Directors as may be selected by the Board or the
Committee. In selecting those Employees to whom Plan Share Awards and/or
Performance Share Awards may be granted and the number of Shares covered by such
Awards, the Board or the Committee shall consider the duties, responsibilities
and performance of each respective Employee and Non-Employee Director, his or
her present and potential contributions to the growth and success of the
Corporation, his or her salary or other compensation and such other factors as
deemed relevant to accomplishing the purposes of the Plan. The Board or the
Committee may but shall not be required to request the written recommendation of
the Chief Executive Officer of the Corporation other than with respect to Plan
Share Awards and/or Performance Share Awards to be granted to him or her.

6.02 Form of Allocation. As promptly as practicable after an allocation

pursuant to Section 6.01 that a Plan Share Award or a Performance Share Award is
to be issued, the Board or the Committee shall notify the Recipient in writing
of the grant of the Award, the number of Plan Shares covered by the Award, and
the terms upon which the Plan Shares subject to the Award shall be distributed
to the Recipient. The Board or the Committee shall maintain records as to all
grants of Plan Share Awards or Performance Share Awards under the Plan.

6.03 Allocations Not Required to any Specific Employee or Non-Employee

Director. No Employee or Non-Employee Director shall have any right or

entitlement to receive a Plan Share Award hereunder, such Awards being at the
total discretion of the Board or the Committee.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

ARTICLE VII
EARNING AND DISTRIBUTION OF PLAN SHARES; VOTING RIGHTS

7.01 Earning Plan Shares; Forfeitures.

(a) General Rules. Subject to the terms hereof, Plan Share Awards shall be

earned by a Recipient at a rate no more rapid than twenty percent (20%) of the aggregate number of Shares covered by the Award as of each annual anniversary of the date of grant of the Award, such vesting rate to be determined by the Committee. If the employment of an Employee or service as a Non-Employee Director (including for purposes hereof service as an Advisory Director) is terminated before the Plan Share Award has been completely earned for any reason (except as specifically provided in subsections (b) and (c) below), the Recipient shall forfeit the right to any Shares subject to the Award which have not theretofore been earned. In the event of a forfeiture of the right to any Shares subject to an Award, such forfeited Shares shall become available for allocation pursuant to Section 6.01 hereof as if no Award had been previously granted with respect to such Shares. No fractional shares shall be distributed pursuant to this Plan.

B-6

(b) Exception for Terminations Due to Death, Disability or Change in

Control. Notwithstanding the general rule contained in Section 7.01(a), all Plan

Shares subject to a Plan Share Award held by a Recipient whose employment with the Corporation or any Subsidiary Company or service as a Non-Employee Director (including for purposes hereof service as an Advisory Director) terminates due to death or Disability shall be deemed earned as of the Recipient's last day of employment with or service to the Corporation or any Subsidiary Company (provided, however, no such accelerated vesting shall occur if a Recipient remains employed by or continues to serve as a Director (including for purposes hereof service as an Advisory Director) of at least one member of the Employer Group) and shall be distributed as soon as practicable thereafter. Furthermore, notwithstanding the general rule contained in Section 7.01(a), all Plan Shares subject to a Plan Share Award held by a Recipient shall be deemed earned as of the effective date of a Change in Control.

7.02 Distribution of Dividends. Any cash dividends, stock dividends or

returns of capital declared in respect of each unvested Plan Share Award will be held by the Trust for the benefit of the Recipient on whose behalf such Plan Share Award is then held by the Trust, and such dividends or returns of capital, including any interest thereon, will be paid out proportionately by the Trust to the Recipient thereof as soon as practicable after the Plan Share Award becomes earned.

7.03 Distribution of Plan Shares.

(a) Timing of Distributions: General Rule. Subject to the provisions of

Section 7.05 hereof, Plan Shares shall be distributed to the Recipient or his or her Beneficiary, as the case may be, as soon as practicable after they have been earned.

(b) Form of Distributions. All Plan Shares, together with any Shares

representing stock dividends, shall be distributed in the form of Common Stock. One share of Common Stock shall be given for each Plan Share earned and distributable. Payments representing cash dividends shall be made in cash.

(c) Withholding. The Trustee may withhold from any cash payment or Common

Stock distribution made under this Plan sufficient amounts to cover any applicable withholding and employment taxes, and if the amount of a cash payment is insufficient, the Trustee may require the Recipient or Beneficiary to pay to the Trustee the amount required to be withheld as a condition of delivering the Plan Shares. The Trustee shall pay over to the Corporation or any Subsidiary Company which employs or employed such Recipient any such amount withheld from or paid by the Recipient or Beneficiary.

(d) Restrictions on Selling of Plan Shares. Plan Share Awards may not be

sold, assigned, pledged or otherwise disposed of prior to the time that they are earned and distributed pursuant to the terms of this Plan. Upon distribution, the Board or the Committee may require the Recipient or his or her Beneficiary, as the case may be, to agree not to sell or otherwise dispose of his distributed Plan Shares except in accordance with all then applicable federal and state securities laws, and the Board or the Committee may cause a legend to be placed on the stock certificate(s) representing the distributed Plan Shares in order to restrict the transfer of the distributed Plan Shares for such period of time or under such circumstances as the Board or the Committee, upon the advice of counsel, may deem appropriate.

7.04 Voting of Plan Shares. All shares of Common Stock held by the Trust

shall be voted by the Trustee in its discretion. Recipients of Plan Share Awards shall have no voting rights until the Common Stock is earned and distributed pursuant to the terms of the Plan Share Award.

7.05 Performance Awards.

(a) Designation of Performance Share Awards. The Committee may determine

to make any Plan Share Award a Performance Share Award by making such Plan Share Award contingent upon the achievement of a Performance Goal or any combination of Performance Goals. Each Performance Share Award

B-7

shall be evidenced by a written agreement ("Performance Award Agreement"), which shall set forth the Performance Goals applicable to the Performance Share Award, the maximum amounts payable and such other terms and conditions as are applicable to the Performance Share Award. Each Performance Share Award shall be granted and administered to comply with the requirements of Section 162(m) of the Code or any successor thereto.

(b) Timing of Grants. Any Performance Share Award shall be made not later

than 90 days after the start of the period for which the Performance Share Award relates and shall be made prior to the completion of 25% of such period. All determinations regarding the achievement of any Performance Goals will be made by the Committee. The Committee may not increase during a year the amount of a Performance Share Award that would otherwise be payable upon achievement of the Performance Goals but may reduce or eliminate the payments as provided for in

the Performance Award Agreement.

(c) Restrictions on Grants. Nothing contained in the Plan will be deemed

in any way to limit or restrict the Committee from making any Award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

(d) Rights of Recipients. A Participant who receives a Performance Share\

Award payable in Common Stock shall have no rights as a shareholder until the Common Stock is issued pursuant to the terms of the Performance Award Agreement.

(e) Distribution. No Performance Share Award or portion thereof that is

subject to the attainment or satisfaction of a condition of a Performance Goal shall be distributed or considered to be earned or vested until the Committee certifies in writing that the conditions or Performance Goal to which the distribution, earning or vesting of such Award is subject have been achieved.

7.06 Nontransferable. Plan Share Awards and Performance Share Awards and

rights to Plan Shares shall not be transferable by a Recipient, and during the lifetime of the Recipient, Plan Shares may only be earned by and paid to a Recipient who was notified in writing of an Award by the Committee pursuant to Section 6.02 and/or 7.05(a), as the case may be. No Recipient or Beneficiary shall have any right in or claim to any assets of the Plan or Trust, nor shall the Corporation or any Subsidiary Company be subject to any claim for benefits hereunder.

ARTICLE VIII
TRUST

8.01 Trust. The Trustee shall receive, hold, administer, invest and make

distributions and disbursements from the Trust in accordance with the provisions of the Plan and Trust and the applicable directions, rules, regulations, procedures and policies established by the Committee pursuant to the Plan.

8.02 Management of Trust. It is the intent of this Plan and Trust that the

Trustee shall have complete authority and discretion with respect to the arrangement, control and investment of the Trust, and that the Trustee shall invest all assets of the Trust in Common Stock to the fullest extent practicable, except to the extent that the Trustee determines that the holding of monies in cash or cash equivalents is appropriate to meet the obligations of the Trust. In performing their duties, the Trustee shall have the power to do all things and execute such instruments as may be deemed necessary or proper, including the following powers:

(a) To invest up to one hundred percent (100%) of all Trust assets in Common Stock without regard to any law now or hereafter in force limiting investments for trustees or other fiduciaries. The investment authorized herein may constitute the only investment of the Trust, and in making such investment, the Trustee is authorized to purchase Common Stock from the Corporation or from any other source, and such Common Stock so purchased may be outstanding, newly issued, or treasury shares.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

(b) To invest any Trust assets not otherwise invested in accordance with (a) above, in such deposit accounts, and certificates of deposit, obligations of the United States Government or its agencies or such other investments as shall be considered the equivalent of cash.

(c) To cause stocks, bonds or other securities to be registered in the name of a nominee, without the addition of words indicating that such security is an asset of the Trust (but accurate records shall be maintained showing that such security is an asset of the Trust).

(d) To hold cash without interest in such amounts as may in the opinion of the Trustee be reasonable for the proper operation of the Plan and Trust.

(e) To employ brokers, agents, custodians, consultants and accountants.

(f) To hire counsel to render advice with respect to their rights, duties and obligations hereunder, and such other legal services or representation as they may deem desirable.

(g) To hold funds and securities representing the amounts to be distributed to a Recipient or his Beneficiary as a consequence of a dispute as to the disposition thereof, whether in a segregated account or held in common with other assets of the Trust.

Notwithstanding anything herein contained to the contrary, the Trustee shall not be required to make any inventory, appraisal or settlement or report to any court, or to secure any order of court for the exercise of any power herein contained, or give bond.

8.03 Records and Accounts. The Trustee shall maintain accurate and

detailed records and accounts of all transactions of the Trust, which shall be available at all reasonable times for inspection by any legally entitled person or entity to the extent required by applicable law, or any other person determined by the Board or the Committee.

8.04 Expenses. All costs and expenses incurred in the operation and

administration of this Plan shall be borne by the Corporation or, in the discretion of the Corporation, the Trust.

8.05 Indemnification. Subject to the requirements of applicable laws and

regulations, the Corporation shall indemnify, defend and hold the Trustee harmless against all claims, expenses and liabilities arising out of or related to the exercise of the Trustee's powers and the discharge of their duties hereunder, unless the same shall be due to their gross negligence or willful misconduct.

ARTICLE IX MISCELLANEOUS

9.01 Adjustments for Capital Changes. The aggregate number of Plan Shares

available for distribution pursuant to the Plan Share Awards and the number of Shares to which any unvested Plan Share Award relates shall be proportionately adjusted for any increase or decrease in the total number of outstanding shares of Common Stock issued subsequent to the effective date of the Plan resulting from any split, subdivision or consolidation of shares or other capital adjustment, the payment of a stock dividend or other increase or decrease in such shares effected without receipt or payment of consideration by the Corporation. If, upon a merger, consolidation, reorganization, liquidation,

recapitalization or the like of the Corporation or of another corporation, the shares of the Corporation's Common Stock shall be exchanged for other securities of the Corporation or of another corporation, each Recipient of a Plan Share Award shall be entitled, subject to the conditions herein stated, to receive such number of shares of Common Stock or amount of other securities of the Corporation or such other corporation as were exchangeable for the number of shares of Common Stock of the Corporation which such Recipients would have been entitled to receive except for such action.

B-9

9.02 Amendment and Termination of Plan. The Board may, by resolution, at -----
any time amend or terminate the Plan, subject to any required shareholder approval or any shareholder approval which the Board may deem to be advisable for any reason, such as for the purpose of obtaining or retaining any statutory or regulatory benefits under tax, securities or other laws or satisfying any applicable stock exchange listing requirements. The Board may not, without the consent of the Recipient, alter or impair his or her Plan Share Award except as specifically authorized herein. Upon termination of the Plan, the Recipient's Plan Share Awards shall be distributed to the Recipient regardless of whether or not such Plan Share Award had otherwise been earned under the service requirements set forth in Article VII. Notwithstanding any other provision of the Plan, this Plan may not be terminated until such time as all Plan Shares held by the Trust have been awarded to Plan Recipients and shall be deemed to be earned prior to the time of termination.

9.03 Employment or Service Rights. Neither the Plan nor any grant of a -----
Plan Share Award, Performance Share Award or Plan Shares hereunder nor any action taken by the Trustee, the Committee or the Board in connection with the Plan shall create any right on the part of any Employee or Non-Employee Director to continue in such capacity.

9.04 Voting and Dividend Rights. No Recipient shall have any voting or -----
dividend rights or other rights of a shareholder in respect of any Plan Shares covered by a Plan Share Award or Performance Share Award, except as expressly provided in Sections 7.02, 7.04 and 7.05 above, prior to the time said Plan Shares are actually earned and distributed to him.

9.05 Governing Law. To the extent not governed by federal law, the Plan -----
and Trust shall be governed by the laws of the State of Louisiana.

9.06 Effective Date. This Plan shall be effective as of the Effective -----
Date, and Awards may be granted hereunder no earlier than the date this Plan is approved by the shareholders of the Corporation and prior to the termination of the Plan. The implementation of this Plan is subject to the approval of the Plan by a majority of the total votes eligible to be cast by the Corporation's shareholders and a majority of the total votes eligible to be cast by the Corporation's shareholders other than the MHC.

9.07 Term of Plan. This Plan shall remain in effect until the earlier of -----
(i) ten (10) years from the Effective Date, (ii) termination by the Board, or (iii) the distribution to Recipients and Beneficiaries of all the assets of the Trust.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

9.08 Tax Status of Trust. It is intended that the Trust established hereby

be treated as a Grantor Trust of the Corporation under the provisions of Section
671 et seq. of the Code, as the same may be amended from time to time.

B-10

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be
executed by its duly authorized officers and the initial Trustees of the Trust
established pursuant hereto have duly and validly executed this Agreement, all
on this 8th day of June, 2005.

HOME FEDERAL BANCORP, INC.
OF LOUISIANA

TRUSTEES:

By: /s/ Daniel R. Herndon

Daniel R. Herndon
President and Chief Executive Officer

/s/ Henry M. Hearne

Henry M. Hearne

/s/ Woodus K. Humphrey

Woodus K. Humphrey

B-11

[X]Please Mark Votes HOME FEDERAL BANCORP, INC. OF LOUISIANA REVOCABLE
As in This Example SPECIAL MEETING OF SHAREHOLDERS PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF HOME
FEDERAL BANCORP, INC. FOR USE AT THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD
ON AUGUST 10, 2005 AND AT ANY ADJOURNMENT THEREOF.

The undersigned hereby appoints the Board of Directors of Home Federal
Bancorp, Inc. or any successors thereto, as proxies with full powers of
substitution, to represent and vote, as designated below, all the shares of
common stock of Home Federal Bancorp, Inc. held of record by the undersigned on
June 20, 2005 at the Special Meeting of Shareholders to be held at the main
office of Home Federal Bancorp, located at 624 Market Street, Shreveport,
Louisiana on Wednesday, August 10, 2005, at 10:00 a.m., Central Time, or at any
adjournment thereof.

- 1. PROPOSAL to adopt the 2005 Stock Option Plan.
[] FOR [] AGAINST [] ABSTAIN
2. PROPOSAL to adopt the 2005 Recognition and Retention Plan and Trust
Agreement.
[] FOR [] AGAINST [] ABSTAIN
3. In their discretion, the proxies are authorized to vote upon such other
business as may properly come before the meeting.

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

FOR AGAINST ABSTAIN

2. PROPOSAL to adopt the 2005 Recognition and Retention Plan and Trust Agreement.

FOR AGAINST ABSTAIN

3. In their discretion, the Trustees are authorized to vote upon such other business as may properly come before the meeting.

The Board of Directors recommends that you vote "FOR" the Stock Option Plan and "FOR" the Recognition and Retention Plan.

THE SHARES OF HOME FEDERAL BANCORP'S COMMON STOCK WILL BE VOTED AS SPECIFIED. IF NOT OTHERWISE SPECIFIED, THE SHARES WILL BE VOTED FOR THE STOCK OPTION PLAN, FOR THE RECOGNITION AND RETENTION PLAN, AND OTHERWISE AT THE DISCRETION OF THE PROXIES. YOU MAY REVOKE THIS PROXY AT ANY TIME PRIOR TO THE TIME IT IS VOTED AT THE SPECIAL MEETING.

The undersigned hereby acknowledges receipt of the Notice of Special Meeting of Shareholders of Home Federal Bancorp, Inc. called for August 10, 2005 and the accompanying Proxy Statement prior to the signing of this card.

Please sign this card exactly as your name appears on this card. When signing in a representative capacity, please give title.

Please be sure to sign and date in the box below.	Date	

-----Participant sign above-----		

[LOGO]
HOME FEDERAL

BANCORP, INC. OF LOUISIANA

June 29, 2005

To: Participants in the Home Federal Savings and Loan Association Employees' Savings and Profit Sharing Plan (the "401(k) Plan")

Re: Instructions for voting shares of Home Federal Bancorp, Inc. of Louisiana

As described in the enclosed materials, proxies are being solicited in connection with the proposals to be considered at the upcoming Special Meeting of Shareholders of Home Federal Bancorp, Inc. We hope you will take advantage of the opportunity to direct the manner in which shares of common stock of Home Federal Bancorp allocated to your account in the Home Federal Savings and Loan Association 401(k) Plan will be voted.

Enclosed with this letter is the Proxy Statement, which describes the matters to be voted upon and Voting Instruction Ballot. After you have reviewed the Proxy Statement, we urge you to vote your allocated shares held in the 401(k) Plan by marking, dating, signing and returning the enclosed Voting

Edgar Filing: HOME FEDERAL BANCORP, INC. OF LOUISIANA - Form DEF 14A

Instruction Ballot. In order to be effective, your Voting Instruction Ballot must be received by Clyde D. Patterson no later than August 3, 2005. Mr. Patterson will tabulate the votes for the purpose of having those shares voted by the Trustees.

We urge each of you to vote, as a means of participating in the governance of the affairs of Home Federal Bancorp. If your voting instructions are not received, the shares allocated to your 401(k) Plan account will generally not be ---
voted. While I hope that you will vote in the manner recommended by the Board of Directors, the most important thing is that you vote in whatever manner you deem appropriate. Please take a moment to do so.

Please note that the enclosed material relates only to those shares which have been allocated to you in your account under the 401(k) Plan. If you also own shares of Home Federal Bancorp common stock outside of the 401(k) Plan, you should receive other voting material for those shares owned by you individually. Please return all your voting material so that all your shares may be voted.

Sincerely,

/s/ Daniel R. Herndon

Daniel R. Herndon
President